An Interview with Theodore Lutz

Washington, D.C.

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Interviewer: Zachary M. Schrag

SCHRAG: Zachary Schrag is interviewing Mr. Theodore Lutz. It is October 6, 2000, a little past 10:30 in the morning. We are in his office at the Washington Post in Washington, D.C.

LUTZ: How is Bill [Boleyn] feeling?

SCHRAG: He's doing fine. He comes into town every week for—I think it's the Rotary?

LUTZ: Yep. He's been a Rotarian for many, many years.

SCHRAG: What I did was I—

LUTZ: Captured him.

SCHRAG: —hijacked him twice in the lobby of the Hotel Washington, prior to his meeting. He was extremely helpful.

LUTZ: He is. He is an extraordinarily gracious gentleman.

SCHRAG: I want to start with a bit about your background. Where did you grow up?

LUTZ: I grew up in suburban Minneapolis. I went to public high school.

SCHRAG: Public high school, then Carleton College, not far from home.

LUTZ: Not far from home.

SCHRAG: What did you major in there?

LUTZ: Government and international relations.

SCHRAG: And then you went straight to graduate school?

LUTZ: Yes. I went to the Maxwell School at Syracuse University, to get a master's in public administration.

SCHRAG: Did you think all along that you would be doing public policy?

LUTZ: No. When I was in college, casting around for what I was going to do, I thought, like everybody in the social sciences who wasn't quite sure what he really wanted to do, that he might well be a lawyer. Then I had one really wonderful government professor who took me under his wing and opened up some possibilities. I would never even have considered going to graduate school in public administration had it not been for Ralph Fjelstad. He took me under his wing and said, I think you really consider this. There were two: Fels Institute at the University of Pennsylvania, which was then very much of a specialist in state and local government, and the Maxwell program, which tends to be more federally oriented. At least then—this was back in '68. I'm always still proud to see that Maxwell is still ranked the number one public administration school in the country in the U.S. News and World stuff. I was there for fifteen months to get a master's.

SCHRAG: How much of that training was budget oriented?

LUTZ: One-tenth. I probably took ten courses, and one of them was public budgeting.

SCHRAG: So you didn't come out as a budget specialist.

LUTZ: Gosh, no.

SCHRAG: So how did that happen? How did you end up at—was it Bureau of the Budget or OMB at the time?

LUTZ: It was Bureau of the Budget.

SCHRAG: What year?

LUTZ: Sixty-eight. Frankly, the federal government recruited actively on that campus. I talked to their recruiters. I had taken the—they had some management, something or other test that you could take, that meant you had a higher grade and a fancier title. I had passed that. So I really considered two or three places, all in the government. BoB because they came and recruited. The folks at TVA were very aggressive. They're kind of quasi-civil service. Back then they could pay a few bucks more. So I went to Knoxville. I think there was some other job, in Atlanta, with HUD or something. I ended up, fortuitously as it turned out, taking the job at OMB and working for Bill Boleyn.

SCHRAG: Were you hired into—did you get your District of Columbia responsibilities right in?

Lutz. No. I started as the junior budget analyst on the Treasury Department. The senior budget examiner was a gentleman named Al Yanak. Al was a wonderful mentor in how that process worked.

For the Treasury Department it was a fascinating time to be in Washington. Unfortunately, Robert Kennedy had been assassinated. The Secret Service, which is an arm of the Treasury Department, was being thrust into the candidate protection business. And in addition to the IRS and the Savings Bonds folks at the Bureau of Public Debt, which had been around for a hundred years, their mission was changing. Customs was part of it. And drug enforcement on the borders was growing, so there were some fascinating

issues.

Then Bill Boleyn and the director of the division—Bill was the deputy—the director of this General Government Division at BoB was a gentleman named Mark Alger. Back then there was no home rule in D.C. This was 1970. So there was a series of accounts that they had sort of blobbed into the National Capital area accounts. They guy that had been handling these accounts for a number of years wanted to move on, and did so.

SCHRAG: Who was that?

LUTZ: Earl Armbrust. A fine guy, a brilliant man. So they said, yeah, you're young, but we think you're a good fit for this. That started my involvement with the District government, the Commission of Fine Arts, the Smithsonian Institute, the Interstate Commission on the Potomac River Basin, and, of course, the federal funding for the Washington Metro.

SCHRAG: What kind of background did they give you? Was there an easy transition? Did they fill you in on what was going on?

LUTZ: That was not the OMB style. It may have changed now, but you were pretty much thrown in the water. I had a section chief who was a really savvy guy, Art Kallen, both committed and savvy. Art kept me from going way off. But it was a tumultuous time. President Nixon had some very strong views about crime and other things in the District. Walter Washington, who became and still is a dear, dear friend. Here I am, this young kid, white kid from Minnesota, who had been here all of a year and a half. And everything came

through OMB. The District's budget. The president appointed both the mayor and the city council members, some of whom you may have talked to about this period. It became an interesting assignment.

Schrag. At the time you picked up the District of Columbia responsibilities, what was happening with Metro? You had groundbreaking already?

LUTZ: Yes. They were building away. During that period of time, of course, General Graham had fortunately brought with him people of outstanding integrity as well as engineering skill, on the construction. They weren't running anything at this point. This was totally a construction project. So Jack, and Roy Dodge, who is probably on your list, Roy. Warren Quenstedt. And the guy who handled the contracting, he was one of my great heroes. I can't remember his full name, it was Joe—

SCHRAG: Garbacz?

LUTZ: Garbacz. Joe was the head of construction, another Corps guy. We were putting all this money in the ground, and as general manager, eventually, I was eternally grateful to both the professionalism and judgment of Roy Dodge, but also the contracting procedures that the Corps people had set up, again, to insulate and make sure. It could appear bureaucratic, but sure you appreciated it in terms of integrity. It's one of the great successes of Metro. There were plenty of people who had their knives out for Metro, but the fact that you had this. There was almost not a scintilla of scandal about spending billions of dollars.

SCHRAG: The irony there is that you're in the administration, and one of the people whom Dodge on the record complained about was Agnew. Not Agnew himself, but Agnew's office—Agnew being a famously corrupt politician—pressuring him. But you didn't feel any?

LUTZ: When I was general manager?

SCHRAG: No, at OMB.

LUTZ: Oh, no. I was just a career civil servant. I was 23 years old, a year and a half removed from graduate school. They did the public a great service with that.

SCHRAG: It made your job easier to have it all squeaky clean.

LUTZ: Especially eventually. I had no idea. I'm a budget examiner for this, trying to get through a few hundred millions a year at the time. And then, of course, the bond issue became hot at that period. The federal guarantee became an issue.

SCHRAG: As I understand it, OMB was saying you can either have guaranteed bonds, or you can have interest-free bonds, but we're not going to give you both. Then Metro goes out to the bond market and says, we can't really sell these unless we have a guarantee.

LUTZ: The issue wasn't interest-free. The issue was tax-exempt status. That was the traditional Treasury Department view of the world. You were either state and local, and got your tax-exempt status, but not a federal guarantee. But that was very much of a position for them. That was part of the debate. The real issue was that you had a billion dollars' worth of bonds. And these were revenue bonds, justified by what now seems a very, very strange idea—Boleyn was

probably able to comment on that—that the farebox was going to be able to pay these off. Excess farebox revenues. That was a very interesting issue.

The other thing was there was always a back and forth between OMB and the Department of Transportation on how best to achieve this. The incredibly dynamic Secretary of Transportation was John Volpe, former governor of Massachusetts. One of those experiences for me, was I gained an enormous respect, which stayed with me a long, long time, about what it means to be a good cabinet officer, regardless of administration. John fought like mad for what he thought was right. Fought hard. But once the president, through whatever mechanism the president chose, made his decision, John—and I was personally involved in this—turned around and said, OK, the president has made his decision. I need to be the most articulate, effective advocate for the president's decision I can be. And made sure—I'll never forget it, it made an enormous impression on a 24-year-old—when he called up and said, please, would you help me? Come over and brief me on what the ins and outs of this decision are so that I can represent the President and the Administration effectively. It was a very big lesson on a young guy.

SCHRAG: So Nixon's support was quite important.

LUTZ: Look at the history!

SCHRAG: I'm looking at each president. This is turning into more presidential history than I thought.

LUTZ: Well, it is. The leadership of both President Kennedy and President Johnson in getting the thing off the ground, the authorization and whatever. It even goes back a little bit, in the planning, before that. And President Nixon, particularly through his White House staff, Bud Krogh, was supportive of a lot of things in the National Capital area, and Metro. I'm jumping, but look at what happened, and what passed only with strong support from the President, using his very talented congressional staff, his government relations staff, his lobbying staff. Look at 1972, October. Probably this month in 1972 you passed the bond guarantee bill, probably this month, you're the historian, but I'm pretty sure I'm right on this. And also passed was the bill that turned into that picture behind you, Zach. That is the first Metrobus painted, out in front of the Executive Office Building, in the late spring of 1973. Because the other major piece of legislation that had to be passed was the public takeover of the four failing public bus companies. That was also passed in October of 1972.

SCHRAG: Do you have a sense of why Nixon cared so much? The thing about Kennedy and Johnson is that to a large extent, by the time they became president, they were from Washington. Kennedy had been in Congress fourteen years, most of his adult life. Johnson had been.

LUTZ: Nixon had spent a lot of time in Washington by 1968 too.

SCHRAG: But he was not as much from the city as these other folks.

LUTZ: Yes, but look at the record. I am a pretty low level civil servant in all of this. But let's look at several factors.

First, Metro was regional. Metro was Maryland, Metro was very important in Northern Virginia. Obviously the congressional delegation, much as it does now, had a mixture of politics. You had Joel Broyhill, and others, who were powerful Republican congressmen and supporters of the president, who would put in a good word for this too. As well as Democrats in Maryland.

Plus President Nixon, in my observation of those years, had an enormous amount of regard for Walter Washington, and appointee. There was this view that this was a regional thing. And there was some acceptance of the notion that the federal government did have a special responsibility, particularly twenty-five, thirty years ago, as the primo employer of the area. And the President, from my little personal observation, had enormous regard for Bud Krogh, and, obviously, John Ehrlichman, and George Schultz and Cap Weinberger and all those folks at OMB, when they said we think this is a good one, on the merits, to be fighting for. There wasn't that much politically for him, for doing it. He wasn't ever likely to get the electoral votes from the District of Columbia. Virginia and Maryland were a different situation. There was this combination of respect for some of the folks who thought this was right, and Bud paid an important role there. And there was this sense that this was a pretty good initiative. But there was an unusual amount of muscle that would be exerted on this. Obviously it required one of the more fascinating coalitions of urban, liberal Democrats and Republicans who the President could round up on this.

SCHRAG: Let's get into that. This wasn't free for the President. It got tangled up in highway politics. You have George Fallon, a powerful member. You have Kluczynski, and Natcher. It does seem to take Nixon's intervention to get the funds released.

LUTZ: You're talking about the Three Sisters Bridge.

SCHRAG: The Three Sisters Bridge. There's a case where Volpe was on the other side, to some degree. You told me briefly on the phone that you had some stories about what you saw of the Three Sisters Bridge fight.

LUTZ: Remember, I'm a minor bit observer-actor in this. I did get a chance only to see it because the way that the National Capital area affairs were handled by the legacy of President Kennedy. He would appoint an individual to coordinate, given the federal role here, the federal presence in the National Capital area. That legacy was continued by President Nixon. I think that Senator Moynihan did that for a while, in the first part of the administration. It's where Senator Moynihan really pushed the idea of the Pennsylvania Avenue Redevelopment Corporation. But that office didn't particularly have any staff. There wasn't a whole lot of support for that individual. And that individual, as was the case with Bud Krogh and Dick Nathan at OMB, also had significant other responsibilities in their jobs. So we humble civil servants at OMB who worked on this issue—they didn't have any staff—would sometimes have some more interesting involvement than would otherwise happen.

That was a fight on releasing the money. You had one of the truly

respected—eventually I got a chance to see even more why—Congressman Natcher of Kentucky, unparalleled in his reputation for integrity with his colleagues, and a key member of the House Appropriations Committee, who carry a lot of weight and fight hard. So they—and you'll have to check the record on that amendment—the Minority Leader, former President Ford, and Carl Albert, I believe, was the Speaker of the House, were both on the same side. So you had the Nixon Administration working hard with its incredibly talented congressional liaison people in both the Senate and the House, working to get this. If you check the record on this amendment to free the funds, and not tie it to the construction of this bridge, I think it was a Monday or a Thursday night, so a lot of folks were trying to get out of there. It was this fascinating combination of this Republican group that the President worked with and liberal, urban congressmen. Democrats like Bella Abzug. Probably not too many times that that was a coalition. I remember that evening. I worked at the New Executive Office Building and lived at 25th and K. I remember walking back just astounded at this. And later, I had the chance to see why people had this enormous respect for Natcher. A congressman who was a person of his word.

SCHRAG: Do you have any sense of Congressman Giaimo, and why he took on Natcher?

LUTZ: I never talked to him. I think he thought the cause was right. And he was from New Haven? He was a Connecticut guy. He was an urban guy and thought we had to attack these things and couldn't just pave everywhere.

SCHRAG: This is one of the tensions in Metro. Some people support it because it's federal, and others support it because it's urban and therefore can be a model for other cities.

LUTZ: There was plenty of model language used back then, which was both a plus and a burden. That language could get tossed around quite a bit. But you really had this whole period of time, after World War II, where public transit was in this—I think the highest ridership may have been reached in '45—and then it was this straight downhill curve. With the exception of New York, and Chicago, it was not much of an issue. Then two things happened. BART, in the Bay Area, and then Metro was coming along at the same time, a couple years behind. So you had these two big new things. And you wound up with these two guys who ran them, once the construction phase was over, who were young and from the feds. Frank Herringer and I served together. He became head of BART, and I became, a few years later, head of Metro.

SCHRAG: You mentioned the bus takeover. Was that very controversial? The bus companies were collapsing, or at least the big ones were.

LUTZ: Doing anything in the National Capital region has an element of controversy.

SCHRAG: Why is that?

LUTZ: Because it always has to go to the Congress. And all sorts of other things get played out, just like they still do today on the D.C. Appropriations bill. Two, you have to get their attention. And three, this was back at a time when yes, other bus companies had gone under, but there was still the view that this

wasn't automatically a public function. You had the public controversy that always swirled around O. Roy Chalk in the D.C. Transit piece. The Virginia piece, as I recall, the AB&W piece was the healthiest at the time. But you could start to see the cracks in their veneer as well. And there was the WV&M that had a lot of Maryland ridership. Yeah, it was hard work. Especially with the bond thing. I think these bills were actually passed within a week or two of each other. The bus takeover may have been passed almost on the last day of the session, in October 1972. They were going to go home for elections and they wanted to get out of there. But you can check that in the record. Any public takeover—all of a sudden you were going to be putting up thirty-six, thirty-seven million dollars of taxpayer money to take these over.

SCHRAG: The bus takeover aside, it seems to me that '72, '73 were relatively smooth years for Metro in that they were building a lot, and you still had some money. It's not until 1974 that they revise the cost estimate from $3 billion to $4.5 billion.

LUTZ: For the rail. But you must remember that that picture led to a whole different world for Metro. All of that sudden, on that day, I think it was January—

SCHRAG: January 14, 1973

LUTZ: —was the actual transfer of the assets. All of a sudden Metro's character changed dramatically. It wasn't just that you were building one of the world's great projects under the streets of Washington, you were having to run something. And having real customers. And real people. And it's not

something that a lot of those guys really signed on for. And it was fights over fares, and issues of unions. And issues of the center city-regional tension were played out there. And was there some black-white tension about it also? Yes. It brought a lot of those things to the surface in a way. We all had our financial plan and we were building away. And the construction was pretty much the same under Rosslyn as it was under this or under that. But this brought it out to a higher degree. And this wasn't what they were brought up to do.

SCHRAG: The Corps of Engineers?

LUTZ: Yeah! This wasn't fun. It wasn't fun. Schuyler Lowe, and some of those folks back there, were working hard to make this work, but it was psychologically hard, and physically hard. So that was a tough period, as they tried to get this started, and that played out a good bit, over the course of the next few years. But I guess from a construction point of view— Of course, I had left. I was now the Deputy Under Secretary of Transportation in 1973 and was a different relationship altogether.

SCHRAG: How did you move over to that post? Among other things, you were 27, a bit young for it.

LUTZ: Yes. That's quite true. I'd like to say it was competence, but you are helping, this has some history in it, so I have to be more truthful. But perhaps a shorter synopsis of it was that upon the second Nixon election—and remembering that I had worked as a staff guy to Bud Krogh. So upon President Nixon's

reelection in 1972, his cabinet, as in many often, changed. He nominated for the Secretary of Transportation a brilliant California oil executive named Claude Brinegar. He was really, really smart, but he realized he needed somebody to make sure that budget process worked well. As was the case with several members of what was John Erlichman's domestic council, several of them went out to be the deputies in these departments. One went to interior, and John Whittaker went someplace, and several others went places. And Bud Krogh was nominated and approved as Deputy Secretary of Transportation. He and the Secretary-designate, Mr. Brinegar, I can only imagine. He said I've got to have somebody good for this budget, and Bud said well, this may gag you in terms of his age, but I have somebody I think is pretty good. So I talked to Secretary-designate Brinegar.

I wasn't a particularly partisan person, and I had assumed that I would be working most directly with Bud, whom I had gotten to know, so I go over there. Well, the Plumbers issue explodes, and Bud is resigning, and I'm over there for about four months. I don't even know if it was that long, I can't remember. Fortunately, I wound up having a wonderful relationship both with Secretary Brinegar and he selected John Barnum, I think, to be the deputy. John's a very talented Washington lawyer today. So I had fascinating years there. Then up on President Nixon's resignation, Bill Coleman from Philadelphia was the—I learned a lot from him. He was good enough to give me the chance to stay on there in '74, and I had a delightful time working for him, it was never dull. It was a good time.

SCHRAG: How involved with Metro were you at DOT?

LUTZ: Mixed. Remember the fundamental relationship was still between the Executive Office of the President and Metro, directly. The funds still came through there; they were separate from the DOT. So it was more—there was some big project that we did get involved in. But because the funding conduit was the way it was, it was never extensive. Obviously, I was asked to monitor it, but it was more that. I would be in charge of, and often testifying in regard to, the Department of Transportation budget. But they would do their own testimony and their line items in the budget were all separate from the main DOT. So it tended to make it lesser.

SCHRAG: So you were watching but not so actively involved.

LUTZ: Yes. Distinctly different.

SCHRAG: It seems to me that Metro lost a very good friend in Nixon. They get Ford, who had been supporting Natcher—old appropriations loyalty. Ford who is from Michigan, and has some highway lobby ties. Not much of an urbanist, telling New York to drop dead. Did you perceive a cooling in White House support for Metro?

LUTZ: I can't speculate. The thing that made the difference, and makes the answer sort of no, is that Bill Coleman was an urbanist. Bill Coleman was a Philadelphian. He was a center city guy and was often saying that he really did view the cities as citadels of democracy, the urban centers. So he kind of made sure that these things came along. There were a lot of negotiations with

the city of Detroit. President Ford was particularly knowledgeable about the highway program. He was very knowledgeable. But in terms of urban transit, he trusted Bill Coleman a lot. Bill Coleman had to be involved in the SST decision, Concorde decision. Remember, I'm not directly involved, but it wasn't a big discernible thing from my point of view.

SCHRAG: I want to get into Metro's collapse into financial trouble. The buses, in addition to being an emotional problem, were a financial problem. Once you say, fares are a political issue, rather than a financial issue—Rather than having a business model of charging what the market will bear and maximize your profits, you're saying, this is a social justice program and we've got to keep fares low for equity and all the rest. That not only affects buses. It directly affects the financial model of the rail. All those revenue bonds were based on the idea that whatever inflation was, fares will be pegged to it on a fixed-price model.

LUTZ: Right.

SCHRAG: Is that the beginning of the financial crisis? Is it the November 1974 Net Income Analysis? Are there other milestones?

LUTZ: Just like our earlier discussion about the pure economist model of life, fare policy—with regard to the bonds and some of those things, it became increasingly obvious that the notion that you were going to have all these excess fares, even the purest of economists would have trouble making that work. But fares had to be, like everything else at Metro, negotiated. It became

very much a political issue. In order to pass anything at Metro, in many ways the genius of it, but also why it was such a draining place to be, as I found out, was that you needed four votes. And at least one of those four votes had to be from each of the members of the compact—Maryland, Virginia, and D.C.—so the suburbs couldn't roll the city. There was a lot of political stuff.

And remember, to this day, there is no stable source of revenue undergirding the operating costs. Every year, in order to pay for this, you had to come up with these processes by which the local, primarily property, tax of the jurisdictions had to be assessed. Not directly assessed, but they had to pay money out of it. So there was for many years this incredible fight over what the formulas were. In addition to fights on the fares, the other pressure point was, what formulas are we going to use to allocate the pain? Whatever was left. And those were brutal fights. Remember, the make up of Metro's board was all local officials who, yes, wore a Metro shirt one day a week, but they were elected by the citizens of Fairfax County, and Arlington County, and Prince George's County, and the District of Columbia. So there was a whole combination of those things.

And then the other thing, on the construction side the costs started to go up with the delays. And some of the delays, and some of the inflation, which was particularly brutal, in some of those years, started to wreak havoc on the cost estimates.

SCHRAG: So the bus takeover brings up the issue of operating costs.

LUTZ: But there were some fundamental problems to begin with.

SCHRAG: The thing that William Boleyn told me, was that when they did the original estimate in 1969, it was, in his words, optimistic. That is, the job of the OMB, as he saw it, and he was immersed in that culture, was not to say, here's what we expect to happen, nor was it to say, here's a pie-in-the-sky estimate that will pass the program. It was somewhere in between the two, to say, here's a plausible estimate that will bring forth the president's policy. Was that the institutional culture of the OMB?

LUTZ: Bill was one of the great leaders of the OMB; his word should count more than mine. Remember, I was only there for a few years. He was there many years. I don't have anything to add to what he said.

SCHRAG: In June 1975, they set up an interjurisdictional committee on Metro financing, with you as the chairman. This becomes a dress rehearsal for what you did as general manager.

LUTZ: They did? I was in that role as a fed? I knew there was something at the end. I'm on thin ground, now. I don't remember. Continue.

SCHRAG: I don't know too much about this, but one of the odd things is that the entire compact has been signed, and ratified, and authorized by Congress, just so that these people can get together in a room and work these things out. Then in 1975, there's this admission that this is not really working, we need a referee. Here's the thing: when the compact was signed, they considered putting a federal representative on the compact—

LUTZ: That's correct. And decided not to.

SCHRAG: Because they know the locals are grown-ups, they can handle it on their own. But then, in a way, you become that federal representative.

LUTZ: For a short, limited time.

SCHRAG: A short, limited time.

LUTZ: On this special assignment. Literally, I had forgotten all about that. Remember, I said to you earlier, that while I didn't have much, I was, I remember something that I had to do. I guess we issued a report, or something. I remember having some sort of press conference about it. You're not wrong when you say that there was some view—there were also some mounting pressures, with regard to the growth—this may sound arcane. The federal government was moving with regard to the rest of the national transit program, which is where this alternatives analysis, requiring usable segments, terms like that start to appear applied to other projects around the country. So there was a sense that some of this needed to be applied to Metro. The words "alternatives analysis," and so forth. You are correct, referee's not a horrible word. Face it, you're casting around for somebody who might do this. Who's viewed a) as fair-minded amongst the jurisdictions. One thing about doing the job before, at OMB, and b) had some prestige in the federal establishment. For better or worse, they said, Bill Coleman, you need to help us. And they said, hey, we've got the perfect guy. You all know him. I hadn't been mucking around in it for a few years. I don't know if that made it better or worse.

You've got to remember, Bill Coleman was very much a supporter of the

concept of urban transportation. He thought all public transportation was part of the urban development, the thing we talked about earlier. Quality of life. That wasn't a real— but it did lead into some of the stuff coming down the road. But it's interesting that you should mention the history of the federal rep, but that all predated me. That was an interesting assignment, and of course got me re-exposed to some of the Metro folks. It's funny you should mention it; I forgot all about that.

SCHRAG: I'm not sure that I have the chronology right, but it seems to me the thing that committee did is say, you've got these Interstate highways that we don't want to build, because they'll tear up homes. This is actually a few billion dollars.

LUTZ: In Interstate transfers. That's correct.

SCHRAG: Do you remember where that idea came from?

LUTZ: No.

SCHRAG: It was in the bill in 1973.

LUTZ: Yes. I worked on that bill. I go over to DOT, as deputy under secretary, in early 1973. And I believe that this was of course the famous highway bill.

SCHRAG: Busting the trust.

LUTZ: Well, if you mean expanding the permitted uses.

SCHRAG: I've been talking to highway protesters.

LUTZ: Yes, that was a great fight. It was Baker-Muskie, or Muskie-Baker, depending on who you were talking to. The Interstate transfer provision was part of that bill, but it hadn't been much utilized.

SCHRAG: Wasn't there a two-year delay, or something?

LUTZ: Yes. And it had to be appropriated monies, too, which I got into later. That was one of the fights about it: would it be subjected to the normal appropriations process. This is arcane, inside baseball, stuff, that nobody really cares about too much. But it was important in that if you built the highway, it was Trust Fund money, no appropriation process. But if you made the transfer, then the dollars—that may have established the authorization. But unlike if you built the highway, you had to go to the appropriations committee to appropriate the dough.

So the District had all these highways, and Interstate transfer was a possible source. But that set up a whole subsequent set of negotiations, about wait a minute, we're giving up all this money, what are you going to do for us? We the District. Even though it was for stuff they didn't want to build. And there was a big chunk of dough there. It sustained the construction program. Now I'm in trouble on my facts. It was a quarter century ago. The realization that you had these Interstate transfer potentialities led to a whole big negotiation on another capital agreement? Over using those monies but having the matching share, and who got what when? I think there was, triggered by this '75 thing.

SCHRAG: It's quite a tangle.

LUTZ: But I think they had to negotiate. It was fine, the Interstate transfer suggestion was a good authorization, but it had to be matched, and you had to figure out— The District is sitting here, properly, saying hey, we're giving up all this dough, who gets what

[end of verbatim transcript]

[Due to an equipment failure, the recording of the remainder of the interview is too faint to be heard. The following are Mr. Schrag's notes from memory, made on the afternoon of October 6, 2000, of Mr. Lutz's comments.]

I do not recall opening day, or cutting the ribbon.

On appointment. Quenstedt had been the presumptive successor to Graham, but had been embarrassed by July 4, 1976, fiasco. I don't remember when I was approached—it was hot, perhaps late July or August 1976. Sterling Tucker headed the recruiting committee. I suggested that they do a national search, but they came back to me.

I was a good candidate because I was familiar with Metro and the board, and was neutral among the jurisdictions, being from Minnesota. I also had good relations with Congress. And like BART, Metro wanted someone who was not from the old, declining transit industry. On the other hand, I didn't know anything about unions or construction, and I had never managed more than about 10 people.

The Carter White House was a bit suspicious of Metro. They came in as Washington outsiders. Also, Carter had seen cost overruns at MARTA.

The succession from Graham to me not only marked a generational transition, but also from construction to operations. Roy Dodge did not have to stay on after his friend Graham left, but I am very grateful that he did, even though I was this long-haired kid. Also, I was much more publicly visible than Graham. Instead of touring construction sites, I spent my time at meetings in all eight jurisdictions, each of which paid part of the budget.

Graham had opposed handicapped access to Metro on cost-benefit terms.

Indeed, the numbers were quite striking on a cost-per-wheelchair basis, and at times I wondered about providing access to both trains and buses—I was one of the first transit managers to put lifts on buses. But Section 504 required handicapped access, and ultimately I felt that if three Vietnam veterans, one of whom was in a wheelchair, wanted to go to a ball game together, they should all be able to get on a bus or train together.

The reorganization into four units was already on the table when I arrived. I was shown a chart—I don't remember by whom—and asked, this is what you want, right? Nick Roll was in charge of operations, he helped even though he was disappointed when his friend, Quenstedt, was not appointed permanent general manager. I chose Carmen Turner for administration when I wanted to break the white male monopoly. I had worked with her at the Department of Transportation, but before that she had worked her way up as a civilian in the Department of the Army, from grade 1. Even if she had been a civilian, she was Army, she was green, and that helped with the Corps of Engineers veterans.

Security was very important; any history of Metro should include the contribution of Angus MacLean and his staff, many of them former MP's. The police force had to be certified in each jurisdiction, making them the most certified officers around. We were asking people to go down into a hole in the ground in the District of Columbia, which President Nixon had called the crime capital of the country. I got some flak for backing up the police when they arrested people for eating apples, but I also got a lot of mail from ex-New

Yorkers, ex-Philadelphians, ex-Chicagoans, who knew what those systems looked like in the 1970s and didn't want Metro to look like that. They wrote to me saying, hold firm, young man, and I kept those letters.

One of the things that helped me was that everyone liked the Metro. When I got tired of all the interjurisdictional battling I could get on and ride, and see that people liked it.